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MARKETING & MEDIA
DECISIONS

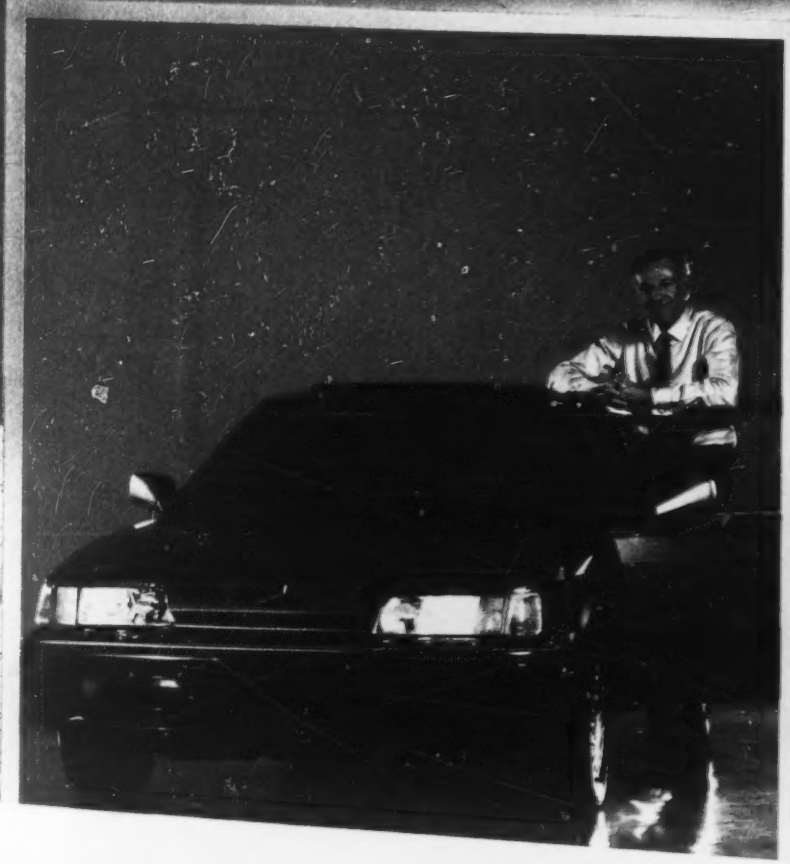
FEBRUARY 1987 • $4.00

STERLING GOES FOR THE GOLD

Super-autodealer Norm Braman is leading the British Sterling into America's upscale imported car market.

BEAMING IN ON NEWSPAPERS

BRAND REPORT: INSURANCE



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GREG CHRIS
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHSEDA MD 20814
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MARKETING & MEDIA DECISIONS

COVER STORY

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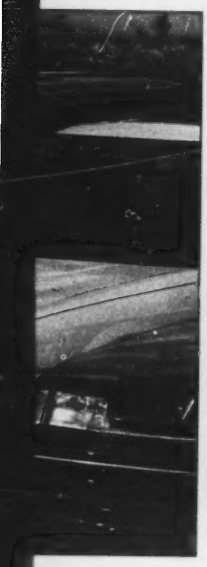
February 1987, Vol. 22, No. 2

Cover illustration by Jenny Adams; photo by Randy Taylor



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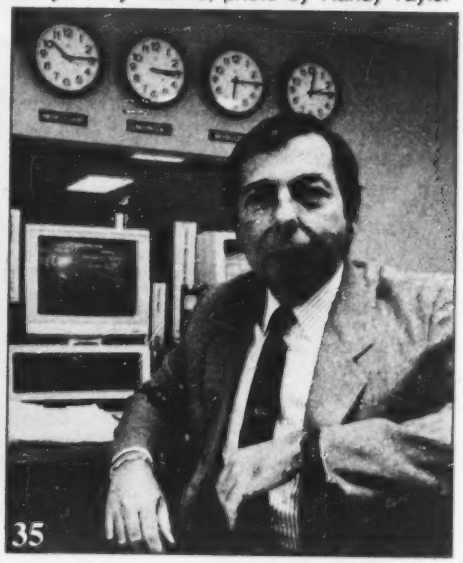

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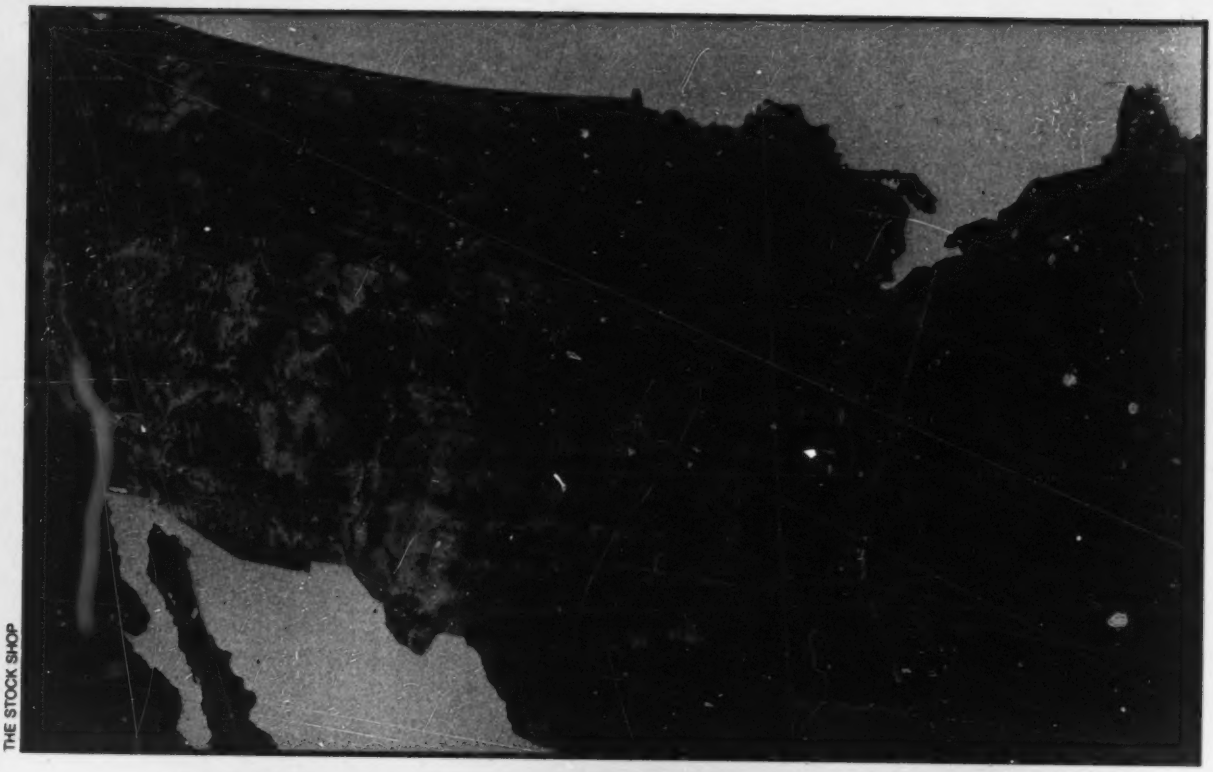


THE STOCK SHOP

ZEROING IN WITH A NETWORK BUY

by Marianne Paskowski

Advertisers, hungry to get the most for their television dollars, and the three television networks, starved for ways to add a little pepper to the marketplace, are taking a closer look at the possibilities served up by regional advertising. Although the practice has never accounted for more than 2-to-3% of the major network television networks' combined revenues, new satellite technology and the increasing use of regional marketing by national advertisers may make it a more popular media buy in 1987.

Regional network buys were created under duress in the early 1970's when there were widespread complaints that access to network tv gave national companies an unfair competitive advantage. Smaller companies threatened legal action if the networks did not offer regional advertising packages they could use to market more effectively.

The networks reluctantly agreed to do so. However, they added a strong caveat. Any such sale would be subject to a match so that the network would ultimately wind up with a national sale. For example, an advertiser could request certain regions but his order would only be taken if the network could find other advertisers interested in reaching the remaining parts of the country during that time slot.

The networks do not charge a premium for this buy except for a nominal fee for splitting the feed. So if an advertiser chose a feed to 20% of the country, his cost would be roughly

Regional networks are causing a buzz among advertisers, and the tv networks are listening. The affiliates, however, are crying foul.

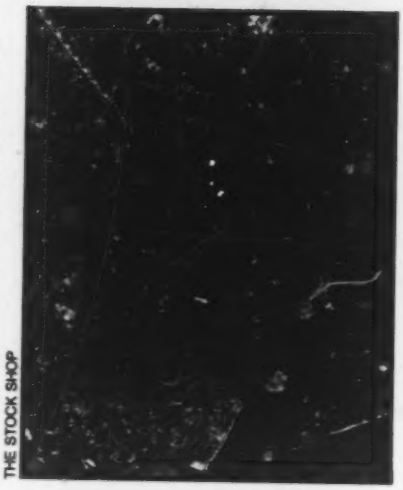
20% the price of the full network cost.

While many advertisers shy away from the cumbersome practice, some regional advertisers and national advertisers with regional needs have made it work. "Over the years, the partners have found each other. Their demographic and timing requirements have been figured out in advance," explains Jerry Dominus, vice president sales, CBS Television Network. "It's a pretty small club whose members keep playing over and over again."

In 1985, the total for regional network advertising was $179 million, split among some 283 brands. Figures for the last three months of 1986 were not available at press time, but for the first nine months of 1986, the Television Bureau of Advertising (TvB)'s roster of regional advertisers sports Anheuser-Busch, Bristol-Myers, Campbell Soups, Kraft Foods, Lever Bros. and Procter & Gamble. At the nine-month point, the biggest regional spenders in 1986 include Red Lobster Inns ($19.9 million); Ford Motor ($10 million) True-Value Hardware Stores ($8.8 million) and Pearle Vision Center ($6.7 million).

Given the players involved, it's not surprising that many predict interest in regional network buys will grow. "It will grow because of the increased interest in regional marketing," believes William Claggett, the former Ralston Purina advertising executive who now heads up a consultancy, Media Management & Associates.

Furthermore, satellite technology will allow the networks to customize



THE STOCK SHOP

regional packages, offering advertisers more options than with the old method of landline transmission. All three networks will finish conversion from landlines in mid-1987.

Initially, advertisers won't see much difference between landline and satellite transponder transmission, says Brent Staranathan, director of telecommunications, broadcast operations engineering, ABC. "We're still learning, and the key will be how the new technology can be used in a cost-effective manner," Staranathan adds.

"But advertisers will be able to be more creative. While we are trying to keep the regions as we had them under the old landline system, we will also try to personalize and sectionalize the country, provided that does not cause a lot of problems. For example, if an advertiser wanted to replicate what he had on the landlines, say the Northeast, he could do that easily, plus add another distant market, like a city in Texas," Staranathan adds.

That technological wizardry worries affiliate stations. They fear that advertisers may perceive regional network as an *alternative* to national spot, and a much cheaper alternative at that. "When you compare a regional network feed with the spot markets in that region, it is much cheaper to buy the regional network," acknowledges Roger Rice, president of TvB.

While advertisers generally say they do not substitute regional network feeds for spot tv buys, nonetheless, the efficiency of regional network is hard to overlook. "In a number of cases it does make sense to buy the network feed rather than a spot schedule," attests Lou Schultz, executive vice president, director of media services at Campbell-Ewald in Detroit. C-E made some regional network buys for client General Motors last year and will be doing even more in 1987.

"Maybe you could buy a regional feed with five key markets for $10,000," Schultz continues, "and a spot schedule in those markets for $9,000. But for that extra $1,000 you are picking up maybe 20 other markets that you would not get with spot. If you can use the weight, then it makes plenty of sense."

That fact of life has tv stations worried, especially in a year where tv advertising expenditures are expected to be modest at best. "We are having discussions with the network to get their assurances that regional is not a direction they want to pursue," explains

NETWORK REGIONAL INVESTMENTS—ADI ($000)

1	$ 29,530.6	$30,911.5	$31,294.5	$33,398.4	$35,249.1	$38,230.8
2	36,929.0	37,720.8	31,940.1	39,233.9	51,181.1	47,085.3
3	27,407.4	26,466.6	30,295.7	41,701.4	43,211.0	42,882.0
4	37,077.2	36,199.8	42,887.2	49,393.4	49,643.2	–
FULL YEAR	$128,944.2	$131,298.7	$136,417.5	$163,727.1	$179,284.4	–
% OF TOTAL NETWORK FULL YEAR	2.3%	2.1%	1.9%	1.9%	2.2%	–
Y.T.D.	–	–	–	–	2.2%	2.1%

Phil Jones, chairman of the CBS affiliates advisory board and vice president and general manager of KCTC-TV, the CBS affiliate in Kansas City.

Most network executives, careful not to upset the delicate balance of affiliate relations, tend to downplay talk of potential growth for regional network. They say this is not an area they aggressively sell, but rather, just another service they provide.

CBS' Dominus says he expects to write up about the same amount of regional business this year as he has in recent years. "The affiliates are nervous about the mechanical capability, but the realities of the business are that the advertisers are not that interested in going market-by-market and the true regional advertisers don't care about the new hardware," Dominus argues. "This is advertiser, not technology driven."

At ABC, John Tiedemann, senior vice president, general sales manager, does not expect a lot of growth in regionals, either. "The new technology will probably allow us to customize lineups more than we have, but the objective will be to have advertisers take *larger*, not smaller, portions of the country," he concludes. Indeed, Tiedemann adds, "A lot of clients start on a regional basis before they become national. That's why we do it, in the hopes that they will become national."

Another network executive expects new interest to come from advertisers with co-op funds. Regional network for co-op does appeal to Peter Hronek, director of marketing services for Culligan International, a Northbrook, Ill., water treatment company.

THE STOCK SHOP

Hronek handles co-op funds for 160 Culligan dealer associations, most of which goes into spot tv and radio. So far, Hronek has made no regional network purchases, but he is intrigued with the idea. "We need to know how this will all shake out, and the cost. But we would like to have more control and continuity, instead of having the buying influence go through 30 local agencies," Hronek explains.

Actual users of regional network feeds readily sing their praises, but acknowledge that it does take a little extra work when compared to putting together a spot tv schedule. And that's the reason they are not widely used, believes Pat Kane, a former Beatrice Foods executive who is now senior vice president of marketing at Mediatech, a company which delivers commercials via satellite. When at Beatrice, Kane had made a number of regional tv buys. One, for Butterball turkey cold cuts, used network feeds in daytime tv as the product began its rollout in the South. Another buy covered the entire country, with the national network ad unit carved up so that east of the Mississippi River, viewers saw Tropicana commercials during the *American Music Awards*; in the Southwest, Rosarita Mexican products; in the Midwest, dairy products; and on the West Coast, Arrowood Water.

"These products were traditionally using spot tv or radio as their primary source of communication," Kane explains. "Those regional brands did not have the same opportunity to use highly leverageable media vehicles like blockbuster prime time specials or high-rated prime time programs, which for the most part don't have avails on a market-by-market basis. Yes, you can buy around the programs, but rarely into them," Kane explains.

"When we analyzed cost based on the coverage factor that Tropicana was using, it would have been impossible for Tropicana to buy any kind of schedule like that on a market-by-market basis," Kane concludes.

Still, not everyone is enamored with regional network television. At Vitt Media International, Hal Katz, executive vice president, points out many problems with the buy.

"This is not a big part of our business because with regional network you have no control of inventory," he says. "It is very difficult to do, getting matched up. Secondly," he continues, "clients think it gives them better efficiencies than they get in spot. But when you analyze all of the markets the regional network covers and the real needs that the marketer has in those areas, spot turns out to be more effective. It may not be as efficient CPM-wise, but it is more efficient in terms of less waste," Katz comments. ■

REGIONAL NETWORK ADVERTISER'S SUMMARY
NUMBER OF BRANDS

QUARTER	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
1	29	49	46	55	72	81	143	120	120	103	93	135
2	43	45	68	65	71	99	150	130	107	104	121	132
3	55	66	57	70	86	125	116	140	120	134	141	152
4	48	51	50	71	108	114	121	115	104	154	134	
FULL YEAR	**95**	**103**	**99**	**120**	**184**	**226**	**303**	**296**	**273**	**304**	**283**	

Source: Television Bureau of Advertising

CABLE AD SCORECARD

A GUIDE TO THE TOP 20 AGENCIES IN CABLE, BY BILLINGS

YOUNG & RUBICAM

Paul Isaacson, Executive vice president, broadcast programing and purchasing

Clients using national cable:
Adidas
AT&T
Canada Dry
Chiquita Banana
Clorox
Colgate-Palmolive
Disney Productions
Dr Pepper
Du Pont
First Brands (old Union Carbide)
Ford Corp.
Ford Division
General Foods
Heublein
Jamaica Tourist Bureau
Johnson & Johnson
Kentucky Fried Chicken
Kodak
Lincoln-Mercury Division
NYNEX
Olympic Stain/Paint
Pillsbury
Richardson-Vicks
Suzuki
TWA
UNISYS
U.S. Postal Service
Warner-Lambert

Networks used: A&E, CBN, CNN, CNNHS, C SPAN, TNN, Nickelodeon, TWC, BET, SIN, FNN, Lifetime, MTV, USA, WTBS, ESPN

1986 billings: $47 million
Projected 1987: same

FOOTE, CONE & BELDING

Jim Cunningham, Vice president, associate national broadcast director

Clients using national cable:
Alaska
Amana
Bell Atlantic
CALRAB
Campbell
Carnation
Clorox — CIBA Geigy
Colgate
Coors
Data General
Dial Corporation
Fred Alger
Frito-Lay
H.I.S. Jeans
Kraft
Levi's
Long John Silver's
Marriott
Mazda
Orion
Pearle Vision
S.C. Johnson
Sunkist
Zenith

Networks used: WTBS, CBN, CNN, USA, ESPN, TNN, MTV, A&E, Lifetime, FNN, TWC, Nickelodeon, VH-1

1986 billings: $25 million
Projected 1987: $28 million

Key to Abbreviations

A&E: Hearst/ABC Video Enterprise Alpha Repertory Television Service.
BET: Black Entertainment Television.
CBN: CBN Cable Network.
CNN: Cable News Network.
CNNHS: Cable News Network Headline Service.
ESPN: Entertainment and Sports Programing Network.
FNN: Financial News Network.
LIFETIME: Women's service/health and fitness from Hearst/ABC/Viacom Entertainment Services.
MSG: Madison Square Garden Sports.
MSN: Modern Satellite Network. General information channel, including the Home Shopping Show.
MTV: 24-hour contemporary music channel.
NICKELODEON: All-children's. Nick at Nite: family fare.
SIN: National Spanish Television Network. All Spanish programing.
TEMPO: Satellite Programing Network. Talk shows, movies, how-to's.
TNN: The Nashville Network.
TWC: The Weather Channel.
USA: USA Cable Network.
VH-1: Video Hits One.
WGN: Chicago superstation.
WOR: New York superstation.
WTBS: Atlanta superstation.

BBDO

Stephen Grubbs,
Senior vice president,
director of national tv buying

Clients using national cable:
Apple computers
Campbell
Casio
Delta
Dodge
Du Pont
Frito-Lay
Honeywell
General Electric
HBO
Lever Bros.
Manley & James
Pepsi
Philips Petroleum
Poloroid
Visa
Wrigley

Networks used: ESPN, CNN, USA, WTBS, CBN, TNN, MTV, Lifetime, BET, TWC, A&E, VH-1

1986 billings: $25 million
Projected 1987: $27 million

D'ARCY MASIUS BENTON & BOWLES

Irwin Gotlieb,
Senior vice president,
national broadcast and
programing director

Clients using national cable:
American Dairy Association
Amoco
Cadillac-Pontiac
Corning
FTD
General Foods
Mars, Inc.
Procter & Gamble
Whirlpool

Networks used: USA, TWC, CBN, CNN, CNNHS, WTBS, Lifetime, FNN, MTV, ESPN, SIN

1986 billings: $24.5 million
Projected 1987: $26.5 million

J. WALTER THOMPSON

Norm Varney,
Senior vice president,
U.S. director
new electronic media

Clients using national cable:
American Gas Association
ANCO
Baskin Robbins
Benetton
Burger King
Champion
Diet Center, Inc.
Eckerd Drug
Emery
Fisher Price
Ford
Gerber
Goodyear
Kemper
Kodak
Kraft
McDonnell-Douglas
Nestle
Orkin
Oscar Mayer
Quaker
Reichhold Chemical
Rolex
S.C. Johnson
Scott
Twentieth Century Fox
U.S. Sprint
U.S. Marine Corps
Walker Manufacturing
Warner Lambert

Networks used: A&E, BET, CBN, CNN, CNNHS, ESPN, FNN, Lifetime, MSG, MTV, TNN, Nickelodeon, SIN, TWC, USA, WGN, WOR, WTBS

1986 billings: $22 million
Projected 1987: same

DDB NEEDHAM

New York:
Bart McHugh,
Senior vice president,
director of national
radio/tv programing

Chicago:
Wes Dubin,
Senior vice president,
broadcast director of
network tv and radio

Clients using national cable:
Amtrak
Audi
Chanel
Colombian Coffee
First Nationwide Network
Frito-Lay, Inc.
General Mills
GTE
H.J. Heinz
Hershey Chocolate
Michelin
Mobil
Ramada Inn
Rubbermaid
Seagram Wines
Sears
State Farm Insurance
The Nashville Network
Universal
Volkswagen
Wm. Wrigley Jr. Co.

Networks used: MTV, WTBS, Lifetime, USA, CNN, BET, Nickelodeon, Nick at Nite, ESPN, TNN, VH-1, TWC, CNNHS, A&E, CBN, Tempo

1986 billings: $22 million
Projected 1987: same

GREY ADVERTISING

Alec Gerster,
Executive vice president of media and programing

Clients using national cable:
BF Goodrich
Block Drug
Borden
Canon USA
Capital Cities
General Foods
Holly Farms
Kenner
JRAP
Playtex
Procter & Gamble
Quaker State
Red Lobster
Remington
Stroh Brewery
Timex
Warner Bros.
Warner Home Video

Networks used: CBN, CNN, WTBS, ESPN, FNN, Lifetime, USA, MTV, Nickelodeon, SIN, TNN, VH-1

1986 billings: $19.2 million
Projected 1987: $20 million

DFS/ DORLAND WORLDWIDE

Beverly O'Malley,
Senior vice president, director of electronic media

Clients using national cable:
American Cyanamid
Florida Dept. of Citrus
General Mills, Inc.
Helene Curtis
L'eggs Products
Nabisco/Lifesavers
North American Philips
Northwest Airlines
Peter Paul
Pioneer
Procter & Gamble
RC Cola
Toyota
Wrangler
Wendy's

Networks used: CNN, CNNHS, WTBS, MTV, ESPN, Lifetime, Nickelodeon, USA, TNN, CBN, SIN, A&E

1986 billings: $18.2 million
Projected 1987: $19.5 million

OGILVY & MATHER

Lawrence Cole,
Senior vice president, head of New York media

Clients using national cable:
American Express
Campbell
CBS Entertainment
Columbia Pictures
Duracell
General Foods
Harris/3M
Kimberly Clark
Mattel
NutraSweet
Owens Corning
Publishers Clearinghouse
Sandoz Corp.
Seagrams Wine Cooler
Shell
Schering Corp.
Sears

Networks used: WTBS, A&E, BET, CBN, CNN, CNNHS, USA, ESPN, MTV, Lifetime, TNN, TWC

1986 billings: $16.5 million
Projected 1987 billings: $18.5 million

SAATCHI & SAATCHI COMPTON

Carol Karasick,
U.S. media director

Clients using national cable:
American Motors
British Airways
Johnson & Johnson
PaineWebber
Procter & Gamble
Thompson Medical Int'l
Union Underware

Networks used: CBN, CNN, BET, WTBS, USA, A&E, ESPN, MSG, TNN, Lifetime

1986 billings: $16.0 million
Projected 1987: same

LEO BURNETT

Willard Hadlock,
Senior vice president,
director of media services

Clients using national cable:
Allstate
First Brands
Heinz
Hewlett Packard
Kellogg
Kraft
M&M/Mars
McDonald's
Mrs. Smith Pies
Oldsmobile
Pillsbury
Procter & Gamble
RCA
Richardson-Vicks
Seven Up USA
Starkist
United Airlines

Networks used: ESPN, WTBS, CNN, USA, CBN, Nickelodeon, Lifetime, CNNHS, TWC, TNN, FNN, MTV, A&E, VH-1

1986 billings: $12.5 million
Projected 1987: $13-$15 million

BOZELL, JACOBS, KENYON & ECKHARDT

Ted Paskowitz,
Associate director
of network operations

Clients using national cable:
American Airlines
Chrysler Import Cars
DeLaurentiis
Faberge
Kawasaki
Lorimar Motion Pictures
Merrill Lynch
Tony's Pizza
Valvoline Oil
Vice-Grip Tools
Weiders Health & Fitness

Networks used: A&E, CBN, CNN, ESPN, FNN, Lifetime, MTV, USA, VH-1, WTBS

1986 billings: $12.5 million
Projected 1987: same

McCANN-ERICKSON

Ira Carlin,
Senior vice president,
media director

Clients using national cable:
AT&T Communications
Century 21
Coca Cola
Black & Decker
Hilton Hotels
Johnson & Johnson
Mennen
National Dairy Association
Nestle
Texas Instruments

Networks used: CNN, WTBS, MTV, ESPN, A&E, FNN

1986 billings: $10.5 million
Projected 1987: $13 million

TED BATES

Joel M. Segal,
Executive vice president,
director of network tv

Clients using national cable:
Carter Wallace
Kal Kan
M&M/Mars
Panasonic
The Prudential
Prudential Bache
Uncle Ben's
U.S. Navy
Xerox

Networks used: CBN, WTBS, ESPN, Nickelodeon, MTV, USA, CNN, FNN

1986 billings: $10.4 million
Projected 1987: $10.0 million

WILLIAM ESTY COMPANY

Thomas Winner,
Senior vice president,
director of
broadcast operations

Clients using national cable:
Dole Food Company
Genesee
MasterCard
Minolta
Nissan
Noxell
Tambrands
Texaco
The Travelers

Networks used: A&E, CNN, ESPN, MSG, MTV, TNN, VH-1, WTBS

1986 billings: $8.3 million
Projected 1987: $10 million

CUNNINGHAM & WALSH

Virginia C. Shields,
Vice president,
director of tv programing

Clients using national cable:
C.B. Fleet
Panasonic
Procter & Gamble
Schieffen & Co.
Sterling Drug

Networks used: WTBS, CNN, CBN, Lifetime, MTV, ESPN, USA, TWC, TNN

1986 billings: $8 million
Projected 1987: same

WELLS, RICH, GREENE

Bob Geis,
Senior vice president,
corporate media
director

Clients using national cable:
MGM/UA
Miles
Procter & Gamble

Networks used: WTBS, CNN, ESPN, USA, MTV

1986 billings: $7 million
Projected 1987: $9 million

CAMPBELL-EWALD

Judith E. Sawyer,
Senior vice president,
director of
national broadcast

Clients using national cable:
A.C. Delco
Chevrolet
GMAC
Howard Johnson's
Mennen
National Car Rental

Networks used: WTBS, CNN, CNNHN, USA, ESPN, TWC, FNN, TNN, CBN, MTV, A&E

1986 billings: $7 million
Projected 1987: $8.5 million

N W AYER

Robert Igiel,
Senior vice president,
director of programing and
network negotiations

Clients using national cable:
AT&T Communications
AT&T Corp.
Bahamas
General Motors
J.C. Penney
Seven Up
U.S. Army

Networks used: MTV, A&E, CNN, WTBS, CBN, TWC, ESPN, Lifetime, BET, USA, C-SPAN, FNN, TNN

1986 billings: $5.5 million
Projected 1987: $7 million

DAILEY & ASSOCIATES

Marc Feidelson,
Senior vice president,
media director

Clients using national cable:
Armorall
Carnation
Honda Motorcycles Division
Honda Power Equipment Division
Teleflora

Networks used: ESPN, MTV, WTBS, USA, CNN, Tempo

1986 billings: $3.5 million
Projected 1987: $4 million

AS THEY SEE IT

MEDIOLOGY

by Ed Papazian
President,
Media Dynamics, Inc.

NATIONAL TV SPOT DOLLARS IN JEOPARDY?

It's not surprising to note the continued softness of the national tv spot sale market. More and more advertisers with highly variable regional or local sales potentials are taking the easy path by converting their television dollars to cable, network or barter syndication investments. As the ad agency mega-merger cycle continues, their preference will lean to more profitable media buying — with leaner staffs focusing on network rather than city-by-city time purchases — while clients who do not develop meaningful regional or local market promotional strategies (already the majority) are likely to fall in step with this "big picture" outlook.

The stations are unwittingly contributing to the declining interest in national spot buying by playing hardball on the issue of 15-second spots. A few top 100 market network affiliates still refuse to sell them while others, though making this concession, charge premiums and preempt such spots readily — all in an attempt to discourage :15's. Needless to say, advertisers who rely heavily on shorter commercial lengths, and find willing takers at the network/barter syndicator level, will look unfavorably on spot in consequence.

Ignorance is also part of the problem. Numerous media plans inform clients with teen or 18-34-year-old consumer targets that tv is not a good medium for them. This, of course, reflects their national thinking. Since ABC/CBS/NBC rarely program for such demographics, the only options seen by the agencies are shows like *Saturday Night Live*, barter syndicated entries like *Solid Gold* or cable's MTV; prime time is too expensive and regular late-night fare doesn't hit teens with enough frequency.

But how about spot? What about the vast 12-17- and 18-34-year-old audiences generated by Monday-Friday sitcom/adventure rerun strips, by once-a-week sitcoms on weekends, by prime time movies on independents, by reruns of *Star Trek, The Twilight Zone, The Honeymooners*, etc., etc.? National network thinkers seem totally unaware of these options. And the stations aren't getting their message to the planners or the brand managers, who might be very interested. When a client needs city-by-city impression weighting, plus timing flexibility, spot offers unique advantages that national network buys can't match. If nothing else, the two should go hand-in-hand in many cases where only network purchases are being considered.

Several media executives have suggested that the national television reps might create "spot" networks, just as their radio counterparts have. The idea has great merit, though obviously this would pose a major threat to barter syndicators. Imagine a special sales arm selling flexible, market-weighted, national schedules with guaranteed rating and demographic delivery in key cities — and of course, a better CPM than network. Nielsen would audit the national audience, while every schedule would be verified from affidavits punched in to reflect actual air times. Arbitron or NSI data would provide the market-by-market analyses.

Of course there are problems, but most of these are similar to those worked out by the radio folks. If the spot tv network idea was attempted, and it generated a fair return to the stations, it would make spot buys much easier to make, hence attractive for "national" thinkers at the agency and client level. Moreover, it might prove a boon to smaller markets (which are often overlooked in top 25, 50 or 75 market buys) and to weaker UHF's in larger cities which also get short shrift (unfairly) on many occasions. ■

TELEVISION

by Stephen H. Martin
Chairman, CEO,
Cabell Eanes Advertising

TV AND THE GOOD LIFE

Modern marketing turns 50 this year when the American Marketing Association celebrates its first half century the week of February 23-28. Because the basic tenet of marketing is to find out what customers

want and give it to them, and because marketing oils the wheels of our economy which brings prosperity, the theme of Marketing Week is, "Marketing makes a good life better."

As U.S. chairman of Marketing Week, I've had the opportunity to reflect on what has given impetus to our business over the last 50 years, and it is clear to me that the most important happening was television, which is why I'm focusing my attention on the medium this month.

Television is perhaps the most important invention since movable type. It has changed our lives in countless ways. It has become the modern equivalent of the ancient hearth. We spend almost as much time with it as we do asleep or at work. We were transported to the moon by it. We won't elect a public official who doesn't look good on it. We buy the products that it introduces to us.

Television has had just as profound an effect on the business of marketing goods and services as it has had on our daily lives. For example, the medium can take credit for modern marketing's heavy reliance on demographics to define target audiences. Before tv, magazines and newspapers defined what they had to sell to potential advertisers in terms of the number of copies they distributed. Then they realized they were competing with tv's total audience figures. So Simmons started measuring total magazine audiences, too, and while they were at it they began to measure the kind of people who read particular magazines. Thus, the modern concept and use of demographics was born.

Moreover, I believe that the growth of modern marketing and television and the corresponding growth of our economy are interrelated. In constant dollars, the GNP increased by 259% from pre-tv 1948 to post-tv 1985, while the population grew only 63%. Much of this new wealth came about because of the powerful new marketing tool of television.

The owners of magazines, radio and newspapers should not be too hasty to lament the birth of tv, either. While television now captures 22% of all advertising dollars, the size of the total advertising dollar pie has also grown by almost 22%, from 1.95% of the GNP in 1948 to 2.37% of the GNP in 1985.

The other members of the media mix can hardly complain when expenditures on newspaper advertising, for example, have increased 223% in

PRE-TV VS. PRESENT
ADVERTISING EXPENDITURES IN MILLIONS OF DOLLARS

		1948 in 1985 dollars	% Total	1985	% Total	1948 to 1985 % increase/ (decrease)
Newspapers	Total	7,783	35.8	25,170	26.6	223.4
	National	1,690	7.8	3,352	3.5	98.3
	Local	6,093	28.0	21,818	23.0	258.1
Magazines	Total	2,127	9.8	5,155	5.4	142.4
Farm Pubs.	Total	250	1.2	186	0.2	(25.6)
Television	Total	0	–	21,300	22.5	–
	Network	0	–	8,285	8.7	–
	Spot	0	–	6,004	6.3	–
	Syndicated Barter	0	–	530	0.6	–
	Local	0	–	5,714	6.0	–
	Cable	0	–	767	0.8	–
Radio	Total	2,507	11.5	6,490	6.8	158.9
	Network	941	4.3	365	0.4	(61.2)
	Spot	540	2.5	1,335	1.4	147.2
	Local	1,026	4.7	4,790	5.1	366.9
Direct Mail		3,073	14.1	15,500	16.4	404.4
Business Papers		1,120	5.2	2,375	2.5	112.1
Outdoor		589	2.7	945	1.0	60.4
Miscellaneous		4,273	19.7	17,629	18.6	312.6
Total–National		12,466	57.4	53,355	56.3	328.0
Total–Local		9,256	42.6	41,395	43.7	347.2
GRAND TOTAL		**21,722**	**100.0**	**94,750**	**100.0**	**336.2**

Source: TvB; Bureau of Labor & Statistics

constant dollars since 1948, and when magazines are up 142%. Local radio, after a period of adaptation, actually boomed after tv came on the scene. The medium has posted a whopping increase of 367%. Of all consumer media categories, only network radio experienced a constant-dollar decline from 1948 to 1985.

Today, television may be passing through a similar sort of revolution that radio passed through during those earlier days. While cable tv has not lived up to the expectations of many industry pundits, total advertising expenditures in the medium have rocketed from $58 million in 1980 to $767 million in 1985, an increase of well over 1000%. Barter has also burst onto the scene with an increase from $50 million to $530 million during the same time frame. Thus, forms of tv that hardly existed as advertising media prior to 1980 now capture over a billion dollars in ad revenue.

Some might say that television does not make a good life better — that we'd be better off sitting by the fire listening to grandpa weave a tale. But if we did that, imagine all the fads that might not happen, and all the wonderful new products that might otherwise take years to catch on. And imagine the countless jobs that might not exist to manufacture and market these wonderful new products.

As the sage said, "Nothing happens until somebody buys something." If people didn't buy, *none* of us would have jobs. And, as the evidence states, nothing encourages people to buy more than television. ■

RESEARCH

by Tim Teran

Vice president, associate director, marketing and research, Grey Advertising Inc.

ILAN RUBIN

HAVE YOU EVER WONDERED?

Have you ever wondered about some of the comments people make after a major strategic research presentation?

Strategic studies are broad-scale, quantitative surveys of consumer attitudes, behavior and characteristics, usually commissioned with the belief that they will provide the consumer insight needed to guide meaningful, motivating communications strategies. Yet, the comments I often hear after seeing the results of these types of studies make me wonder.

From marketing people . . .

- Price/value seems like a rather broad positioning to me.
- I already knew my target was women between 25-49 years old, but who are they?
- But why do people want to buy my product?

From creative people . . .

- That's great! But now, how do I make advertising?
- Now we should do some focus groups to learn how consumers really feel about our brand.

Companies spend major amounts of money on strategic research commissioned primarily, if not solely, to identify a communications strategy with the greatest leverage for motivating consumers. So, why is it that so often the recommendations from strategic studies conducted for fashion apparel products might just as easily apply to household cleaning products (and vice versa)?

Simply put, there seems to be a lack of sensitivity or specificity to the learning from many strategic research studies — so much so that I often question the real value they have in truly guiding communications efforts.

Why is it that strategic research all too often does not really aid creative efforts? Is it that strategic research cannot do what it purports to do?

I believe the answer is, yes, it can do what it purports to do, and it *does* in some cases — albeit too few. If you are in agreement so far, the next question becomes, how can we increase the percentage of strategic research studies that really do provide specific information that helps guide communications strategy for marketers and advertisers? What is it that goes on in the process of planning and conducting genuinely helpful strategic research that differentiates it from all the rest?

Over the years at Grey, I have lived through many of these studies for a variety of products, from traditional packaged goods such as household cleaning products and convenience foods to more typically image-driven products such as cigarettes, liquor and cosmetics. Based on this experience, I have found several key areas in the strategic research process where really good research departs from the pack:

1) **Planning:** All too often the planning stage of a strategic research study entails meetings of corporate researchers and a research company and occasionally marketing management to outline the nature of the issues to be covered and the development of hypotheses to be tested via research.

Most if not all of the really insightful strategic research projects I have been a party to have begun with in-depth discussions that include not just research people (the purveyors of information) but, most importantly, agency and corporate creative and media people as well as agency account management and corporate brand management personnel — the people who ultimately have to use the research.

And here I don't mean merely reviewing a questionnaire before the study is fielded — by then it is too late. I mean conducting management audits with advertising, media and brand management people early on in the planning process (even before the final proposal is submitted to management) so that their hypotheses about how people think and feel about the product are reflected in the basic design of the study.

2) **Nature of questioning:** Most

BRAND REPORT

No. 140: Insurance

PREMIUM POSITIONING

by Paula Schnorbus

The insurance industry, left reeling by the stunning interest rates of the 1970's, has been immersed in changes like never before.

Property/casualty insurers ironically became a casualty themselves starting a decade ago. When interest rates were skyrocketing, companies began competing for buyers by soliciting premiums at dirt-cheap prices. The idea was for the insurers to quickly invest the money and take advantage of the attractive rates, but the rug was pulled out from the under the insurers when interest rates fell. Premiums were jacked up to new heights as a result.

According to Paul Wish, vice president, communications, at A.M. Best,

INSURANCE COMPANIES MEDIA EXPENDITURES 1985 (000)

	Media Total	Magazines	Sunday Magazines	Newspapers*	Network Television	Spot Television	Network Radio	Outdoor	Cable TV Networks	Spot Radio**
Aetna	8,405.5	–	–	780.8	7,307.4	80.2	–	–	–	257.1
Allstate	28,406.6	3,540.6	757.2	1,309.4	13,731.6	5,452.4	1,427.3	–	375.7	1,812.2
Cigna	7,904.3	2,309.5	–	1,054.3	1,849.0	1,132.7	–	1,594.9	–	144.2
Liberty Mutual	11,625.1	1,780.6	–	614.7	8,322.1	3	862.7	11.8	–	26.9
Metropolitan Life	20,333.0	5,507.6	–	1,676.2	6,008.1	6,912.3	–	38.6	18.5	171.7
Nationwide	12,090.3	1,653.4	61.9	348.4	4,336.7	5,299.2	–	30.4	–	359.3
New York Life	1,908.0	227.9	–	1,553.5	48.7	74.9	–	0.6	2.2	–
Prudential	33,080.3	6,620.5	–	1,037.6	22,572.8	1,830.6	–	108.9	1,225.2	684.3
State Farm	19,462.2	1,394.6	–	370.9	8,722.0	1,891.9	5,617.8	217.0	351.5	916.5
Travelers	8,222.2	3,502.9	–	82.8	2,506.3	1,936.2	–	–	52.0	–

*Source: Leading National Advertisers; *Media Records; **Radio Expenditure Reports*

New York Life depicts "experts" in their fields who need assistance with financial planning.

an independent data rating and publishing organization based in Oldwick, N.J., property/casualty insurance "traditionally has been cyclical on a supply and demand basis, but the last [down] cycle lasted longer than any before and was deeper than any before. It had a major factor of interest rates, which propelled it beyond previous losses."

Meanwhile, the high interest rates of the 1970's caught life insurance companies "flat-footed, so to speak," says Wish. Because the policies had low interest rates, holders began taking loans on them to invest in other financial instruments that had higher rates.

Harry Lew, public relations manager of Life Insurance Marketing & Research Association, based in Hartford, Conn., says, "The traditional whole-life product had tarnished in the 1970's. There was a wide perception that the product was not a good deal with only 3% to 4% yields. Money market funds in the early 1980's were earning over 20%."

Enter life insurance companies as financial service companies. "Agents needed to look for other sources of income, namely other products," explains Lew, who adds that as computer technology became more sophisticated, the array of financial products increased.

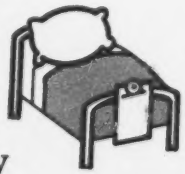
Investment-oriented products were introduced, including variable life, which allows the holders to juggle their investment among different funds that include common stock, bonds, money market and even real estate. Even mutual funds are available — on a limited basis — through insurance brokers.

In the last few years, mergers such as that of Prudential Insurance Co. of America and Bache Group Inc. also increased the number of financial products.

Tax reform in 1987 has given life insurance new appeal as a great tax shelter. Single-premium policies are being pushed to wealthier clients, who for a single premium receive a life insurance benefit while the investment earns tax-deferred interest. Holders may also borrow tax-free on their policies.

On the other side, tax reform has given the property/casualty industry a new headache of $7.5 billion in additional taxes over the next five years, according to the National Association of Independent Insurers.

Burgeoning interest rates in the late 1970's were the catalyst for the insurance industry as we know it today.



But there is hope for the property/casualty industry. For the year ended 1986, preliminary figures compiled by A.M. Best show that the industry pulled itself up by its bootstraps and had a $4.5 billion operating profit as opposed to a $5.6 billion operating loss in 1985. The Insurance Information Institute, a New York-based nonprofit industry group, said increased insurance prices contributed to the industry's improved performance. The preliminary report by A.M. Best also notes that total industry written premiums increased 22.6% in 1986 to $176.4 billion.

Life insurance industry figures for 1986 weren't available, but in 1985, total net premium volume of U.S. and Canadian legal reserve life/health insurance companies rose 16.7% to $173.2 billion, says A.M. Best.

John P. McCann, vice president, advertising and special projects, at the Insurance Information Institute, says the last three years have brought myriad changes to the property/casualty industry. First, a combination of automation, the very nature of the insurance product and competition have forced a reduction in administrative costs. "In order to stay afloat, they have to reduce costs," he warns.

Marketing approaches also are changing, says McCann, who sees more marketing to special groups such as senior citizens associations in an ef-

fort to reduce commission costs. Insurance products themselves are changing. Auto and homeowner policies may be combined rather than sold separately. McCann notes that there is a movement to keep the cost of defending a lawsuit within the limit of coverage. All costs would be contained within one policy, which McCann calls "defense cost containment."

In life insurance marketing, Lew predicts a movement "back to basics. The industry has gone through a real revolutionary time in product offering. It probably will be much calmer with fewer new types of products," says Lew. "They flirted with the esoteric products . . . but I think they're seeing that basic life insurance products are pretty profitable."

According to Leading National Advertisers, the entire insurance industry spent $267.2 million on advertising for the first nine months of 1986 (see chart on pg. 85 for 1985 media breakouts on an annual basis). Given the wide range of targets most insurers are out to reach, television dominates as the most mass way to get the message across. Often, that message pushes the company's image rather than specific insurance products. In the past, the bulk of insurance ads ran in the trade press "to agents who could understand them," one source said. Co-op advertising is popular on a local basis with companies matching agents' dollars.

Radio Expenditure Reports Inc. says the industry spent $20.2 million in radio advertising for the first nine months. Media Records doesn't supply quarterly figures for newspaper ad expenditures.

Following is a breakdown of the five largest life insurers and the five largest property/casualty insurers based on 1985 premium volume as compiled by A.M. Best.

LIFE INSURANCE

The Rock of Gibraltar, **Prudential**'s advertising gimmick since 1890, is used as a "symbol of stability," says Scott Mason, vice president, advertising.

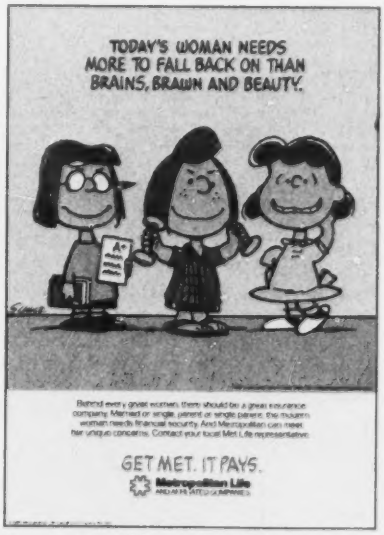
That isn't a bad way to describe the 112-year-old company, which from 1975 to 1985 has been the top life insurer in total premium income, according to A.M. Best's latest available

"The Pru" pitches its policy planning.

figures. While Prudential's $14.3 billion in premiums decreased 5% from 1984, it still has twice as much in premiums compared with number two, Metropolitan Life.

Ted Bates Advertising/New York has been Prudential's agency for more than 15 years. In Prudential's corporate campaign, the objective is to show that the company offers not only life insurance but other products and financial services.

In the life insurance campaign, for example, a Prudential representative, synonymous with the Rock of Gibraltar, can help customers sort through the intricacies of policy planning, explains Mason.



Peanuts peddles Met Life.

Allegories include the family lost in the jungle, which is used to signify that "life insurance can be confusing; the natives don't speak your language," says Mason. A "scout," meant to be the Prudential rep, swoops down to save them. Another example is the "Perils of Pauline" takeoff with the old routine of the tethered damsel in distress on the railroad tracks. The good guy, or Prudential rep, saves her.

Prudential will be peddling universal life products, variable products and a variable appreciable life product that allows the buyer to invest in a combination of funds that include a real estate fund, the only contract of its kind, says Mason. The popular single-premium product will also be pushed in 1987.

Prudential targets a "middle-market audience," Mason says, using television advertising 70% to 80% of the time. Prime time shows used include *Newhart, The Equalizer, L.A. Law, MacGyver, Moonlighting, Mike Hammer, Cheers* and *Easy Street*. The rest of Prudential's advertising is in magazines such as *Discover, Esquire, Life, Money, Newsweek, Parents, People, Sports Illustrated, Sylvia Porter's Personal Finance* and *Time*.

Although Mason wouldn't reveal the 1987 advertising budget, LNA reports the company spent $24.6 million in 1985 on life insurance advertising alone. Mason declined to comment on the figure's accuracy.

Metropolitan Life's middle-income bracket, like most insurance companies, provides most of its new premium sales. But this year, the focus will be on the "mature market," women, Hispanics and Asian Americans.

The advertising budget wasn't available for 1987, but a spokeswoman said the total ad budget for 1986 was $30 million. The Peanuts cartoon characters, Met Life's ad gimmick hatched by Young & Rubicam Inc., are entering their third year as "spokespeople."

At press time, plans were still being formulated for a "mature market" ad campaign. Charles Lavezzoli, executive vice president, personal insurance, says "mature" means those in their early- to mid-50's who are beginning to plan their finances for retirement. Lavezzoli also says the company will be repricing its portfolio this year to

appeal to the mature market.

Met Life is also increasing the competitiveness of products for women. In 1983, the company started a program for women's personal financial needs. Lavezzoli says the company is zeroing in on women because of the increasingly large segment of the female population as heads of households.

In 1987, ads targeted at women will appear in magazines only, such as professional magazines in fields that employ many women. They include *Nursing '87, Nursing Life, Learning '87, American Educator, Financial World, Women in Business, The Woman CPA, Real Estate* and *Realtor News*.

The Hispanic and Asian American marketing plans are continuations of established programs. Met Life advertises in Spanish print and on radio and tv programs. Advertisements also appear in Chinese and Korean newspapers in major cities in the U.S. (see "Trailblazing in Asian America," *M&MD*, October 1986, pg. 74.)

Life insurance products that will hold major roles in new premium revenues at Met Life will be universal life, variable universal, single-premium whole life and traditional whole life.

The customers of Century 21 Real Estate Corp., acquired in 1985 by Metropolitan, will be the target of a national direct-mail campaign by which Met Life will introduce its products and services.

Travelers will be introducing its In-Vest product this year. This variable universal life program is geared for "people with money or disposable income," says Edward Kavo, assistant director, financial services department/marketing.

Kavo, whose expertise is in life product development, says In-Vest is targeted at "anyone who wants to have life insurance protection with mutual fund growth potential." The cash will be invested in any of four different funds, including an aggressive stock fund, high yield bond funds, a managed assets trust or a money market account. Kavo notes that another target audience may be in their 20's and 30's and looking for a long-term investment that may outperform a savings account.

While In-Vest is for the consumer who likes the play of a mutual fund,

Travelers, like other life insurers, is courting the upscale crowd with new products.

ExceLife is the traditional universal life product that is a fixed-interest account. Kavo said ExceLife has more "upscale appeal" because it is sold in amounts of $100,000 and above. Meanwhile, Travelers is increasing the customer benefits and lowering the costs of insurance for products sold in amounts of $25,000 to $100,000.

The 1987 ad campaign for life insurance products and financial services is entirely in magazines, mostly insurance trade publications.

William Esty Co. has handled the company's advertising since spring 1985. In the corporate campaign, which was still being finalized at press time, television advertising was slated to be the principal medium for 75% of the effort. Scott Jennings, corporate advertising supervisor, confides that the old "Have you looked under the umbrella lately?" slogan is expected to change to "You're better off under the umbrella." He explains that the "question" has been answered.

Corporate Travelers goes after the "upscale," or those who have attended college and make $35,000 a year; small business owners and presidents; chief executive officers of large companies and financial personnel. To reach those people, the insurer advertises heavily during the Masters golf tournament and other sporting events. The other 25% of ads appear in *Forbes, Wall Street Journal, Changing Times, Inc., Money*

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and *Venture*. Consumer books include *Time, Life* and *Working Woman*.

This year's budget has "substantially increased" from last year's approximate $12 million allocation, according to Jennings. Travelers had close rankings in A.M. Best's 1985 insurance rankings, coming in third in life insurance with more than $4 billion in premiums and sixth in property/casualty.

Cigna's **Connecticut General** was fourth in line for underwriting life insurance in 1985 with $3.9 billion in premiums, according to A.M. Best. New York Life comes in immediately following with $100 million less.

Connecticut General, which is Cigna's flagship of life, health and annuity sales, isn't advertised as an individual company. Says Charles H. Podowski, Cigna's vice president, marketing communications, "We are trying to develop an image for Cigna, primarily among business executives. We're interested in executives who make decisions about buying financial services products, namely senior executives," says Podowski, who notes that Cigna has clients that run the gamut from small to large companies.

Podowski wouldn't reveal Cigna's ad budget except to say that LNA figures are "low." He did say that "strategy and execution will be the same." For the first nine months of 1986, LNA puts Cigna's overall advertising expenditures at almost $6 million.

The past breakdown of Cigna's advertising media has been 60% print, 30% tv and about 10% radio.

Cigna uses the *Wall Street Journal, Fortune, Forbes, Business Week* and *Business Insurance* in its magazine mix.

In television, Cigna advertises during sporting events, "which are heavily viewed by business executives," says Podowski. Thirty-second spots generally appear on golf and tennis tournaments, and the NBA finals as well as college football. Cigna also uses 60-second spots for radio commercials.

New York Life also is repositioning itself to broaden the image that "it is not just an insurance company anymore," says George Trapp, vice president.

The broad campaign for those in the age range of 25 to 64 is more upscale, appealing to breadwinners of more than $35,000 a year. New York Life's products include single-premium life insurance products, mutual funds and universal life policies.

The company kicked off its current campaign in September 1986 with an $18 million corporate advertising budget in the hands of Saatchi & Saatchi Compton Inc. New York Life first affiliated with then-independent Compton in the 1940's.

About 75% of New York Life's advertising is in tv with ads that show "experts" in their fields that need help with financial planning. That's where New York Life enters the picture.

For the kickoff of the tv campaign during the fourth quarter of last year, the company used a Sunday night roadblock on *60 Minutes, Our House* and *The Disney Sunday Movie*. It also advertised "heavily" during the World Series and finished out the fall with professional and college football. Sixty-second spots were used.

New York Life will use a mix of 30-

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The Media School

A comprehensive introduction and review of key media terms and concepts and planning principles.

DAY 1 This BASIC full day is crammed with solid usable media information such as 12 media concepts, 8 media research resources, planning and buying 4 major media and 8 steps to create a media plan.

DAY 2 The ADVANCED media day highlights strategic planning issues involved with; defining target audiences, setting effective reach and frequency, geographic allocation systems, media mix and organizing a media plan.

DAY 3 Knowing how to create a media plan is one skill, presenting media plans, recommendations and conceptual ideas is essential to career growth. This full day is spent honing media communication skills.

THE NEXT MEDIA SCHOOL WILL BE HELD:

MARCH	
*4, 5, 6	Chicago • Hyatt Regency Downtown
10, 11	Washington DC • Sheraton Crystal City
*17, 18, 19	Los Angeles • Century Plaza
APRIL	
*7, 8, 9	St. Louis • Marriott's Pavilion Hotel
7, 8	Detroit • Dearborn Inn
21, 22	Dallas • The Registry Hotel
22, 23	Orlando • Marriott Hotel
*28, 29, 30	Minneapolis • Omni Northstar
MAY	
6, 7	New York • Marriott Marquis
13, 14	Cleveland • Marriott East

*Media Presentation Skills offered in this city

Marketing & Media Education
A Gleim/Telmar Company

and 45-second commercials that are "cut-down" versions of the 60-second spots. "We looked at 45-seconds and found they worked pretty well. In mid-year, they may all be :30's," says Trapp.

Magazines used are *Time, Newsweek, Sports Illustrated, Fortune, Working Woman, Ms., Inc.* and *Business Week.*

Newspapers aren't used nationally because "it gets pretty expensive, and there's a lot of waste circulation," Trapp says. "Magazines deliver a more upscale market. We still may use newspapers if we can't buy in a magazine in that market, or at an agent's suggestion."

Co-op advertising is used in conjunction with insurance agents on a local basis. The program is based on the agent's level of production. About $2.2 million of company funds is used for co-op advertising and matched equally by the agents.

PROPERTY/CASUALTY

State Farm likes to project image in its advertising with its slogan, "Like a good neighbor, State Farm is there."

The property/casualty leader, with a 17% market share in auto insurance and an 18% share in homeowners insurance, headed A.M. Best's list in 1985 with net premiums of $14.1 billion, almost double that of second-ranked Allstate's $7.6 billion.

State Farm features its agents and policyholders in ads produced by its advertising agency, DDB Needham, Chicago. Needham, which merged with DDB last year, has been State Farm's agency since 1939.

Daniel McNertney, vice president, advertising, explains, "We feel that there is an added benefit in having [an ad] be absolutely literal, that there is greater credibility."

Insurance products aren't part of the ad campaign. Agents themselves have been advertised for about 15 years, McNertney says, noting the "key marketing is of the distribution system."

State Farm's $20 million property/casualty advertising budget goes after "mid-America." McNertney notes that "70% of the country is broad mid-America. We take care of basic insurance needs . . . If you're wealthy enough to own a car or an apartment,

State Farm ads feature athletes.

you're a prospect." (State Farm spends $5 million on its life products ads.) The overall advertising budget is up 10% from last year.

About 70% of State Farm's advertising is in 30-second television spots with a heavy emphasis on sports and sports-related programs. "Our principal marketing target is men 25 to 54 years old," says McNertney. "That doesn't mean we aren't interested in older people or women." He qualified State Farm's target by saying that the insurer hits a 50-50 men-to-women ratio by using spots on *Cosby, Murder, She Wrote, Kate & Allie* and *Highway to Heaven.*

Radio accounts for 20% of the company's ads. The 30-second spots also

Don't look for property/casualty advertising at Nationwide this year. There won't be any. Money is going into life product ads only.

tend to be during sports-related programing and run during the peak hours of 6-to-8 a.m. and 4-to-6 p.m.

The remaining 10% of advertising appears only in *Sports Illustrated*. In those ads, a sports figure, who is actually a policyholder, is shown talking with a State Farm agent.

Newspapers aren't used, says McNertney, because television, radio and the magazine advertising make the "agents come to life. Newspapers require a different creative approach," he explains.

Allstate still has good hands.

The number-two property/casualty insurer, which claims a 10% market share, has been using "You're in good hands with Alistate" for almost 37 years. The company's advertising theme, "Leave it to the good hands people," is handled by Leo Burnett and Co., which celebrates its 30th year as Allstate's advertising agency next month.

Last year's advertising budget was $30 million, about 90% of which was spent on property/casualty advertising, according to John Flieder, assistant vice president, advertising. The budget for 1987 wasn't revealed by Flieder.

Allstate targets the "type of person who would shop at Sears," or those who make more than $20,000 a year, says Flieder. That makes sense — Sears, Roebuck is Allstate's parent.

Television advertising is used 80% to 85% of the time in 15- and 30-second spots in network and local markets. Mostly 15-second spots are used in network advertising. Like State Farm, Allstate advertises heavily during sports programing. Local usage varies from quarter to quarter, says Flieder, depending on market profitability.

Radio advertising is devoted solely to the Paul Harvey show on ABC network radio. National newspapers such as *USA Today* and the *Wall Street Journal* are occasionally used for special promotions. Local newspapers are more often, depending on market strength. Magazines won't be used for property/casualty at least for first quarter, says Flieder, because "it's hard to have music" in magazine advertising. Direct mail marketing is being tested for auto insurance, Flieder says.

Aetna, ranked third in property/casualty insurers with $5.7 billion in 1985 premiums, doesn't separate property/casualty from life insurance advertising in its "best in the business" advertising campaign.

Robert A. Marchese, Aetna's advertising director, explains, "The intent is to present a certain image of the company as the "best in the business," an advertising concept that started in February 1986 via Jordan, Manning, Case, Taylor & McGrath.

The "Aetna, I'm glad I met ya" slogan used since 1982 hasn't been completely abandoned, says Marchese. It appears in about three of Aetna's four tv commercials that will be used this year. Marchese predicted that there will be new commercials at the end of the year, but he wasn't sure if the slogan will be used.

The company, which has a $25 million corporate advertising budget this year, compared with last year's $20 million budget, uses network television 90% of the time. To attract the hard-to-get tv viewer last year, Aetna cosponsored special events like the Mets/Red Sox World Series and *Peter the Great*, a mini-series.

Marchese feels that by taking a major sponsorship role, Aetna has a "very impactful presence in the programs we're on." He calls the 60-second commercials "very emotional advertising. We just show various aspects of the company and its people, its quality, showing a caring company with integrity and concern for its customers." Aetna's target audience is broad: "anyone who [is able] may buy" Aetna's products, says Marchese.

Print advertising is used 10% of the time. The plan wasn't finalized for 1987 at interview time, but Marchese says it probably will be "a little broader" than 1986. Publications used last year included the *Wall Street Journal, Business Week* and *Forbes*.

Marchese says that Aetna is better known in the Northeast. "There are some areas where we would like to be better known, such as the West Coast and Southwest," he says. The company is currently looking at marketing support programs for those areas, but advertising plans haven't been made.

You won't see "**Nationwide** is on

THE GLOBE'S NOT HERE.

One issue of our Providence Sunday Journal and Providence Journal Bulletin reaches more than 82% of all the adults in our market. The Boston Globe and the Herald deliver less than 8.5% each. So, if you want to talk to the people in Rhode Island and southeastern New England, you want to talk to us. Call Bill Peckham, Manager General Advertising at (401) 277-7172 for our continuing market study. And he'll give you the rest of our story.

Providence Journal-Bulletin

Represented Nationally By Cresmer, Woodward, O'Mara & Ormsbee.
Source: Providence Area Continuing Market Study – 1985.
Daily and Sunday combined net reach.

your side," the 20-year-old standby line, on any of the insurer's property/casualty insurance advertising.

Why? Because there won't be any property/casualty advertising for the first time in Nationwide's history. Says Larry M. Robinson, vice president, marketing information and education, "We grew too fast, and now we're trying to digest that growth." Commercial insurance annual premiums leaped to $1.46 billion in November 1986 from $364 million in 1984.

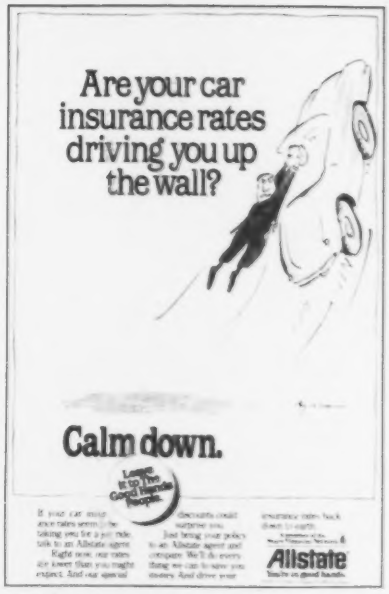
Lou Fabro, media relations director, explains that a few years ago, insurers were moving away from commercial insurance, leaving the field open for Nationwide. The insurer was targeting "Main Street," or medium-size businesses with mostly $250,000 in annual premium charges.

Annual personal auto insurance premiums also burgeoned to $2.14 billion for the first 11 months of 1986, from $1.55 billion in 1984. Nationwide's average policyholder is a "little more rural and downscale," says Robinson, with $22,900 as average annual income. Nationwide's strongest contingent is east of the Mississippi and in the Midwest.

"We sold so much auto and commercial insurance in the last three years, we need to focus on a return to profitability," notes Robinson, who explains that rapid growth of new policyholders of auto insurance historically brings higher loss ratios. A.M. Best put Nationwide's property/casualty premiums at $4.4 billion in 1985.

Nationwide, through Ogilvy & Mather, its ad agency of some 20 years, will go after its current property/casualty policyholders and attempt to peddle life insurance policies in 1987. The advertising budget — strictly devoted to life insurance products — will be $7 million, slightly higher than last year, according to Charles D. Metz, vice president, advertising and promotion. Last year, property/casualty and life advertising dollars were split 50-50.

In 1987, national advertising will account for 70% of the budget with the rest in local advertising. Nationally, 85% of the advertising may be found in network television on specials and football programs and selected family-oriented shows. National print ads may



Allstate targets people who shop at Sears, its parent company.

be found in such magazines as *Saturday Evening Post, Sports Illustrated* and *Time*.

Local advertising is done on a co-op basis with ads appearing on radio, tv and in newspapers. This year's emphasis will be on regional news, weather and especially sports programs. Nationwide also sponsors college and high school sporting events on a local basis.

Liberty Mutual, the top provider of workers' compensation with a 10% corner of the market, pitches "image," emphasizing quality service to its prospective clients.

The top provider of the nation's workers' compensation is 75-year-old Liberty Mutual, which pitches quality service.

The insurer ranks fifth in A.M. Best's 1985 property/casualty list with $4.2 billion in premiums.

Liberty Mutual, with its more than $10 million overall budget (up moderately from last year) and Wells, Rich, Greene Inc., its advertising agency, zero in on the risk managers of large national companies and chief financial officers of bigger regional companies, including hospitals and construction companies, according to Whit Lancaster, director of advertising and public relations at Liberty Mutual.

Mark H. Lieberman, president and chief executive officer of Londontown Corp., maker of London Fog raincoats, has been praising Liberty Mutual in a 30-second commercial shown during college football games and network news shows. Lancaster wasn't sure if the spot will be used this year. Other buyers of Liberty Mutual's workers compensation plan are Digital Equipment Corp., *USA Today*, General Cinema Corp., H.J. Heinz Co. and Campbell Soup Co.

Workers' compensation insurance ads also have appeared in the *Wall Street Journal* and *Forbes*, and trade magazines such as *Risk Management* and *Business Insurance*. The plan for magazine ads this year wasn't known at press time.

A 60-second commercial featuring the "Legends of Golf" will air on NBC in April. Liberty Mutual is kicking off its 75th year, and the annual golf tournament is celebrating its 10th anniversary.

On a personal insurance level, Liberty Mutual is a mass marketer for the most part, using no income specifications as a guideline for insurance sales, claims Lancaster.

The company will continue last year's mass merchandising campaign of "Liberty for All." Employers may offer employees 5% discounts on auto, home and life insurance. Lancaster explains that all payments are taken out of subscribing employees' checks, which takes away the hassles of personal check writing or paper work.

Liberty Mutual also utilizes local daily and weekly newspapers and has used up to 600 nationwide, depending on the number of agents in specific areas. ■

POINT/COUNTERPOINT/

DRUG TESTING IN THE WORKPLACE

PUBLIC PRIVACY

From the very beginning, Americans have highly valued the right to privacy and deeply resented unjustified intrusions. Our nation's founders wrote, and the people ratified, the Fourth Amendment to the Constitution. It struck a reasonable balance between privacy and law enforcement. The police would be able to search people, but only if there was good reason to believe that a particular individual was involved in a crime or possessed evidence of a crime. You can't search everyone, innocent and guilty alike, to find a few who are guilty. This basic American principle has been abandoned by those who advocate urine tests for everyone.

Some have argued that the innocent have nothing to fear from urine searches. That is not true. The most commonly used and vigorously promoted test — the EMIT test — is far from sufficiently reliable.

The rights of innocent employees compelled to submit to urine screening tests are violated in numerous ways.

First, urine screens are more of a surveillance device for off-the-job activity than a test for job performance. Urine screens do not directly detect the presence of the actual drug they are looking for. What they do detect in the urine sample are the metabolites of some substance — a cold medicine *or* an illegal substance — that had been used some time in the recent past.

Second, once provided, urine samples may be used to reveal other details of one's private life. Urinalysis can disclose whether an employee or job applicant is being treated for a heart condition, depression, epilepsy, diabetes or asthma. People have been fired, or not hired, when the employer finds out about such conditions.

Third, unlimited discretion to compel urine screens can be used as a pretext for political firings. This has already happened in a number of cases, including one in Georgia where a safety inspector in a nuclear power plant complained to the Nuclear Regulatory Commission about alleged inattention to her safety reports and was subsequently "reported," anonymously, on a company drug hot-line provided for that purpose.

If we want to live in the kind of free society our founders intended, we cannot permit powerful institutions — our employers — to intrude into our private lives without adequate, specific reasons or justifications. The founders of this nation, who wrote the Constitution and the Bill of Rights, could not have anticipated polygraphs, wiretaps or urine screens. But they knew what a police state felt like and they tried to establish principles to protect future generations against it.

Ira Glasser is executive director of the American Civil Liberties Union.

OUR READERS TELL US...

Research USA, Chicago, asked a sampling of readers about substance abuse at their companies. Here are the advertiser and agency responses.

1. Does your company offer counseling to employees who have substance abuse problems (alcohol or drug problems)?

	Advertisers	Agencies	Total
Yes	66.7%	43.3%	52.7%
No	31.1	56.7	46.4
No answer	2.2	—	.9
	100.0%	100.0%	100.0%
Base	(45)	(67)	(112)

If "Yes," is the counseling conducted in-house or by an outside service?

	Advertisers	Agencies	Total
In-house	13.3%	3.4%	8.5%
Outside service	53.4	86.3	69.5
Both	30.0	6.9	18.6
No answer	3.3	3.4	3.4
	100.0%	100.0%	100.0%
Base	(30)	(29)	(59)

2. Do you have drug testing in your company?

	Advertisers	Agencies	Total
Yes	4.4%	—	1.8%
No	93.4	100.0%	97.3
No answer	2.2	—	.9
	100.0%	100.0%	100.0%
Base	(46)	(67)	(112)

3. When do you support drug testing? (Check all that apply)

	Advertisers	Agencies	Total
When an employee is suspected of being under the influence	44.4%	31.3%	36.6%
At random, anyone may be subjected to a test	4.4	4.5	4.5
When tests are given to all employees	29.9	13.4	19.6
Never	35.6	47.8	42.9
No answer	4.4	6.0	5.4
Base	(45)	(67)	(112)

4. Is substance abuse

Yes	
No	
Don't know/no answer	
Base	

5. Which group is most

Senior level	
Mid-management	
Staff	
Clerical	
None/no answer	
Base	

6. To what degree has quality of work at

To a great degree	
To a moderate degree	
To a small degree	

POLL

PRIVATE PRIORITIES

It's no secret that an alarming percentage of employees use illegal drugs, mostly marijuana and cocaine, on and off the job. Performance problems stemming from such use include accidents, inefficiencies, and absenteeism, as well as theft and fraud caused by the financial pressures associated with drug use.

Employers have a right to address such business problems. The following is based on the belief that valid business reasons frequently exist for implementing corporate drug prevention programs.

There are many controversial issues associated with such programs. First is the question of the legality of drug testing, which in the private sector is more an imaginary issue than a real one. True, testing in the public sector is constrained by constitutional protections against governmental invasions of our privacy. But the private sector is free to establish employment criteria as long as those criteria do not violate any specific law. Corporate America is entitled to refuse to employ individuals who use illegal drugs.

Drug testing alone will not solve a company's drug problem. However, in conjunction with a comprehensive drug prevention program, testing provides the teeth to make a program work.

The media often reports that test results can be inaccurate. A quality testing program is certainly possible, though, if some simple guidelines are followed: the careful selection of a reputable lab, employee indications of prescription drug use prior to testing, careful laboratory attention to the chain of custody of drug samples and, most important, the use of an automatic reconfirmation test if the preliminary test proves positive. The 95% test accuracy often cited is clearly not good enough for critical employment decisions, but this level of accuracy pertains only to preliminary tests and not to the more sophisticated mass spectrometry/gas chromatography screening frequently used for reconfirmations.

People often question the attention given to drug use when alcohol overuse flourishes and companies apparently do little about it. My experience is that alcohol problems are much more visible and that companies do take action to confront them whenever they impact on job performance. Second, and perhaps more important, the financial pressures associated with alcohol use are much less than those relating to drug use.

The underlying and very legitimate concern with drug prevention programs is the possible lack of empathy with employee sensitivities. While this is the most difficult issue to address in designing a good program, it is not an impossible one to handle. For example, early and repeated notices should go out to all employees, all new hires should acknowledge the firm's drug policy as part of the enrollment process, face-to-face discussions should be held with all employee groups prior to testing and professional assistance should be available to employees who want to address their drug problem confidentially on their own.

Programs obviously need to be implemented very carefully. The effort is not a 100-yard dash, but more like a marathon — requiring substantial preparation, considerable determination and patience, but always with an eye toward the difficult end objective — a drug-free workplace.

Kidder, Peabody & Co. has one of the most comprehensive drug prevention programs in its industry. E. A. Weihenmayer, vice president and director of human resources, is its coordinator.

a problem at your workplace?

	Advertisers	Agencies	Total
	11.1%	19.4%	16.1%
	84.5	80.6	82.1
	4.4	—	1.8
	100.0%	100.0%	100.0%
	(45)	(67)	(112)

prone to substance abuse?

	Advertisers	Agencies	Total
	4.4%	11.9%	8.9%
	20.0	28.4	25.0
	17.8	35.8	28.6
	8.9	9.0	8.9
	53.3	37.3	43.8
	(45)	(67)	(112)

substance abuse affected the output or your company?

	Advertisers	Agencies	Total
	—	—	—
	4.4%	7.5%	6.3%
	40.0	31.3	34.8
Not at all	42.3	50.8	47.3
Don't know/no answer	13.3	10.4	11.6
	100.0%	100.0%	100.0%
Base	(45)	(67)	(112)

7. Do you feel substance abuse at your company is on the increase or decrease?

	Advertisers	Agencies	Total
On the increase	6.7%	6.0%	6.3%
On the decrease	6.7	13.4	10.7
It remains stable	46.6	40.3	42.8
It does not occur	20.0	29.9	25.9
Don't know/no answer	20.0	10.4	14.3
	100.0%	100.0%	100.0%
Base	(45)	(67)	(112)

8. Do you work for an agency or advertiser?

	Advertiser	Agency	Total
Advertiser	100.0%	—	40.2%
Agency	—	100.0%	59.8
	100.0%	100.0%	100.0%
Base	(45)	(67)	(112)

SALES PROMOTION

by Russ Bowman

THE NEED FOR NEW TALENT

In a period of insecurity resulting from business mergers and acquisitions at companies and agencies, it's nice to know there is one field where good talent is needed. According to Steve Gundersen, president of a New York executive search firm, "The demand for promotion talent is so great, we are today experiencing a shortage of people."

SALES PROMOTION SALARY SURVEY

	AGENCY		CORPORATE	
	Average	Range	Average	Range
Account Executive/ Asst. Promotion Mgr.	$35,600	$23-55,000	$33,000	$24-44,000
Account Supervisor/ Promotion Manager	$52,800	$25-76,000	$45,500	$26-68,000
Management Supvr./ General Mgr./Director	$81,700	$50-120,000	$72,000	$45-100,000
Partner/ Vice President	$115,250	$77-180,000	$103,100	$55-150,000

Source: Gundersen Partners, Inc.

Senior management at promotional agencies and corporate personnel managers recognize the dirth of career-oriented promotion people starts way back at the college and "grad school" level. Check out the '86/'87 college & university course catalogs, and you'll find everything from "Antique Buying" to "Yoga," including a fair dose of courses on writing and advertising, but very little (if anything) on sales promotion or merchandising. Yet shortly after leaving Harvard, Wharton or most of America's first-class business schools, the average marketing assistant finds promotion in one form or another represents well over half of his or her marketing budget.

A rare subject on campus: Don Schultz, professor and chairman of the advertising department at Northwestern's Medill School of Business, estimates that only 20-25 colleges or universities have any kind of sales promotion or merchandising courses, compared to approximately 1,000 colleges/universities with at least one advertising course. Schultz, who teaches a sales promotion course based on case studies for the graduate school, states, "There has been a dramatic change in the recognition of promotion among college students over the past few years."

Continuing education: The lack of promotion background obtained in college has led to several different approaches to filling the education gap after graduation *while on the job*. Many of the larger firms and some of the promotion agencies conduct in-house seminars on promotion especially for the new MBA's that enter every June. Additionally, seminars on promotion are available from the Association of National Advertisers, William A. Robinson, Westfield Marketing, Universal Promotions and the Promotion Marketing Association of America. Several promotion agencies have developed promotion seminars for their clients, including Glendinning Associates, Frankel & Co. and Einson Freeman. And Steve Gundersen, a partner in one of the few search firms with a major commitment to the promotion field, is developing a career seminar that will give candidates a brief overview of the field and its career potential. The seminar will serve both students considering promotion as well as younger employees in related fields who may be considering a career change.

Promotion as a career is becoming more attractive: According to Larry Levine, another partner in the Gundersen firm, "The compensation gap between general marketing titles and promotional service titles is closing. At corporate senior levels, there is only a 6% difference in compensation, on average." Gundersen Partners' sales promotion salary survey, illustrated here, is one of the first surveys for this field ever published.

There is little doubt that the promotion business is playing "catch-up," but leaders in the field believe it will succeed. Following is a six-point program that will serve the business well for the years to come:

1. Improvement needs to start at college. More promotional courses need to be available and even a *promotion major* should be considered.
2. Promotion should, at least to some degree, become a prerequisite for a marketing MBA.
3. College/university professors need support from the industry with more facts, data and case histories for teaching.
4. College career counselors need more information on promotion as a career potential. Very little is available compared to other marketing functions.
5. Larger corporations and promotion agencies need to establish clear-cut promotion career paths that start with a good training program.
6. In-house promotion seminars created and developed by experienced professionals should become standard procedure.
7. More search firms should take the promotion profession seriously.

ECONOMIC EYE

MAGAZINE AD SCORECARD

	Ad Pages Nov. 1986	% change from Nov. 1985	Dollars spent (000)	% change from Nov. 1985	Ad Pages Dec. 1986	% change from Dec. 1986	Dollars spent (000)	% change from Dec. 1986
1. Skin care, Creams, Lotions and Oils	187.15	+12.13%	$ 6,426.1	+24.33%	146.35	+69.53%	$ 5,490.9	+98.12%
2. Lip and Eye Beauty Products	68.66	-11.80	2,338.2	-3.58	26.33	-47.15	861,041.0	-47.86
3. Scents and Fragrances	288.87	-8.56	7,344.1	-1.79	308.83	-21.33	9,424.5	-8.31
4. Facial Makeup Products	82.23	+35.65	3,161.4	+26.79	59.50	+53.35	1,981.8	+48.62
5. Prepared Dinners and Entrees (Including Pizza)	72.83	+20.12	3,768.3	+58.92	24.92	-12.41	1,686.0	+16.44
6. Liquor	561.40	-16.04	21,716.4	-3.91	772.04	-13.43	29,583.1	-10.59
7. Cigarettes	572.21	-28.97	29,702.6	-31.45	553.24	-36.39	28,291.0	-40.77
8. Soaps and Detergents	56.23	+29.15	3,656.5	+47.93	64.43	+43.15	4,321.4	+39.92
9. Passenger Cars, Domestic	543.28	+12.38	27,386.6	+19.05	427.07	-22.70	22,795.8	-19.7
10. Passenger Cars, Imported	528.58	+16.64	23,570.4	+13.65	517.32	+26.75	22,553.3	+29.52

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

Medium	Jan.	% change	Feb.	% change	Mar.	% change	Apr.	% change	May	% change	June	% change	July	% change	Aug.	% change	Sept.	% change	Oct.	% change
Network TV																				
Daytime	210	+1	181	-5	182	-4	200	-0	219	-0	204	-0	209	+2	207	-0	198	+2	174	+3
Nighttime	230	+6†	215	-2	214	+4	231	-8	257	+3	225	+9	243	+7	225	+8	222	+7	215	+4
Spot TV (1984=100)																				
Prime time	128	+20	104	+19	125	+16	123	+16	123	+20	122	+20	128	+26	105	+21	111	+5	–	–
Daytime	124	+24	109	+9	110	+9	107	+5	108	+9	111	+5	114	-5	100	+9	100	-2	–	–
Network radio (1985=100)	122	+22	116	+16	113	+13	112	+12	113	+13	114	+14	104	+4	105	+5	104	+4	115	+15
Spot radio			246	+0					250	-5					250	-2				
Consumer magazines	205	+6	207	+6	207	+6	207	+6	207	+6	207	+6	207	+5	207	+5	208	+6	209	+7
Natl. Sunday mags	226	-7	226	-7	225	-7	225	-7	224	-7	232	-4	232	-4	232*	+5	229	+5	232	-6
Business publications	190†	+7	190†	+7	190	+7	190	+7	190	+7	190	+7	190	+7	190	+7	191	+6	192	+6
Daily newspapers (1980=100)	155†	+7	155†	+8	155	+8	156	+8	156	+8	156	+8	158	+8	159	+8	160	+8	161	+8
Outdoor	227	+5	227	+5	231	+7	231	+7	231	+7	231	+7	231	+7	231	+7	236	+11	225	+6

Notes: Percentage shown is relative change from the same month/period the year before. *Family Weekly changed to USA Weekend.
†Revised from earlier presentation—Business publications from 189 to 190; newspapers from 158 to 155. 1977=100 except where noted.

Sources:

Nighttime Network TV — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio — Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national edition.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 46 publications representing 42 business and professional classifications.